

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 8, 2008
POSITION: Oppose

BILL NUMBER: SB 1114
AUTHOR: T. Torlakson

BILL SUMMARY: Young Driver Education and Safety Program

This bill would establish the Young Driver Education and Safety Fund to provide a dedicated source for grants to school districts to support additional driver education programs in public schools. Revenues generated for this fund would be derived from a \$10 assessment on all new provisional licenses issued by the Department of Motor Vehicles (DMV). The bill would also create an advisory group consisting of education, law enforcement, and other regulatory agencies and stakeholder groups; to advise the Superintendent of Public Instruction (SPI) and the Director of the DMV on ways to increase the availability and quality of driver's education in public schools and to make recommendations on the need for regulating private Internet-based driving schools.

FISCAL SUMMARY

This bill creates a new fund in the State Treasury from a \$10 assessment on provisional licenses issued by DMV that is continuously appropriated to the Department of Education (SDE). According to DMV, annual revenues would be approximately \$2.1 million. These funds would be expended for the related ongoing state operations costs of the SDE and one-time computer programming costs of the DMV and for local assistance grants by the SDE to public schools. Because the fund source is not likely to generate sufficient revenues to provide all schools with grants, this bill could drive pressure for further fee increases or pressure for Proposition 98 General Fund. The costs of such demand is difficult to quantify because the bill does not define the magnitude for grants but it could approach \$100 million if 90 percent of public high schools apply.

COMMENTS

Finance is opposed to this bill for the following reasons:

- The Administration is not supportive of additional fees and new programs that drive pressure for Proposition 98 General Fund are not advisable given the current fiscal crisis facing the state. Although this bill would create an additional source of revenue to support driver's education instruction in public schools, it is not clear whether these revenues will be adequate to support the demand for grants that may be sought by public schools. Thus, this bill could create pressure for additional fees on the motoring public or additional Proposition 98 General Fund cost pressures in the tens to hundreds of millions of dollars.
- It is not clear that increasing access to school based driver instruction training is the most effective means to improve traffic safety. According to the DMV, research to date is not conclusive on this point and research also supports that driver instruction provided by private driving schools is at least as effective as school based delivery and does not require costs to be spread to the general public.
- DMV is currently undertaking several information technology projects that are critical to the DMV's core mission, such as modernization of its legacy computer system. Expanding what may be a non-essential program that requires programming resources may adversely affect implementation of these major projects.

Analyst/Principal (0340) T. Todd	Date	Program Budget Manager Jeannie Oropeza	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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ANALYSIS**A. Programmatic Analysis**

Current law requires a minor (under age 18), in order to obtain the driving privilege, to complete courses in driver education (classroom) and driver training (behind-the-wheel) conducted by a secondary school pursuant to the Education Code, an approved driving instructor, or by a professional driving school licensed by the DMV. A minor who successfully completes the driver education/training requirements may, as part of the state's graduated driver licensing program, obtain a provisional driver's license, which places certain restrictions upon the driver's privileges which are removed over time as the driver gains experience. According to the most current information from SDE, 304 public high schools offered driver's education in 2006-07.

This bill would do all of the following:

1. Establish the Young Driver Education and Safety Fund within the State Treasury. Revenues dedicated to this fund would be derived from a new assessment of \$10 on each new provisional license issued by the DMV. The fund would be continuously appropriated to SDE, and the SPI would have the authority (in consultation with Director of the DMV) to allocate these funds to support the work of the advisory group as a first priority, and allocate remaining funding to school districts for the direct support of driver's education programs. Low income schools teaching children in grades 9 to 12 would receive funding priority based on a threshold of at least 40 percent of students qualifying for free or reduced price lunches.
2. Establish the Young Driver Education and Safety Advisory Group, and would require the Director of the DMV and the SPI to request one representative from the following entities to participate as members of the advisory body: 1) CA Highway Patrol, 2) DMV, 3) SDE, 4) Automobile Club of Southern California, 5) CA State Automobile Association, 6) American Insurance Association, 7) Driving School Association of CA, 8) CA Teachers Association, 9) CA District Attorneys Association, 10) CA Coalition of Law Enforcement Associations, 11) CA Association for Safety Education, 12) Association of CA School Administrators, 13) National Transportation Safety Board, and 14) National Highway Traffic Safety Administration.
3. Require the advisory group established above to do all of the following: 1) assess and recommend strategies to improve access to driver education and training, including identifying potential sources of funding to support these services, 2) evaluate the effectiveness of current driver's training standards and curriculum, and 3) review and make recommendations regarding the regulation of private, Internet-based driver education schools. The advisory group would also be required to submit a report to the Director of the DMV, the SPI, and relevant policy committees in both houses of the Legislature, detailing their recommendations on these issues by January 1, 2012.
4. Require the advisory group to meet and hold public hearings, require advisory group members to file a statement of economic interest, and would allow advisory group members to be reimbursed for actual and necessary costs incurred to participate, but would not provide members with compensation.
5. Require the SPI and the Director of the DMV to provide the advisory group with necessary facilities and administrative support.

The intent of this bill is to increase the availability of driver's training programs in public high schools, and improve current driver's training curriculum, in the hope that these investments will reverse recent trends that point to an increase in teen driving fatalities.

It is not clear that providing additional driver's education opportunities in public schools, nor revising the current classroom curriculum, will reduce the incidence of teen fatalities or otherwise create noticeable improvement in the driving skills of this population. The most exhaustive research on the subject by the

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National Highway Traffic Safety Administration (as identified by the DMV from approximately 20 years ago) did not find a significant positive affect from completing driver safety courses.

Although, driver's education programs have been reduced in the public schools, many students now receive this instruction from private training providers. According to an April 2003 study from the DMV, they concluded that home-schooled students performed just as well or better on the study exit examination than typical classroom students, and further noted that home-school programs have the added benefit of increasing parental involvement.

B. Fiscal Analysis

The DMV has issued an average of approximately 216,000 provisional licenses a year over the last three years. Under the provisions of this bill, each new provisional license issued (original or duplicate) would be assessed a \$10 fee. Thus, approximately \$2.1 million in revenue would be generated annually for the proposed new fund.

Expenditures from the new fund would support both state operations costs for the DMV and State Department of Education (SDE) as well as local assistance grants to school districts allocated by the SDE. We estimate SDE state operations costs of between \$150,000 to \$200,000 to support one new staff to oversee grants and the advisory group and for operating expenses of the advisory group. One time costs between \$100,000 to \$200,000 would be incurred by the DMV to make programming changes to accommodate the additional fee. Remaining funds for local assistance grants to schools are therefore estimated to be less than \$1.8 million in 2009-10.

While the provisions of this bill create no direct General Fund impact, it is likely that demand for grants would exceed the funding available, thereby driving pressure for additional fee increases or Proposition 98 funding. If 90 percent of the approximately 1,200 public high schools applied for grants, and assuming a grant averaging \$100,000 per year, annual demand could approach \$100 million. The bill does not specify the dollar range for grant allocations, so it is difficult to quantify these cost pressures with any certainty.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
6110/Dept of Educ	SO	No		--	C	\$175	C	\$175	0044
6110/Dept of Educ	LA	Yes		----- See Fiscal Summary -----					0001
2740/DMV	SO	No		--	C	\$150		--	0044
6110/Dept of Educ	LA	No		--	C	\$1,800	C	\$1,900	0044
1999/Pend New Rev	RV	No		--	U	\$2,100	U	\$2,100	0044

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0044	Motor Vehicle Account, STF